

U. S. DISTRICT COURT  
W. DIST. OF N. C.

NOW COMES the United States of America, by and through Gretchen C.F. Shappert, United States Attorney for the Western District of North Carolina (Matthew T. Martens and Kurt W. Meyers, Assistant United States Attorneys, appearing), and the defendant, Howell W. Woltz, in person and through counsel, Matthew J. Hoefling, Esq., William C. Mayberry, Esq., and Josh D. Davey, Esq., and respectfully inform the Court that they have reached the following agreement:

1. The defendant agrees to enter a voluntary plea of guilty to Count One as set forth in the Bill of Indictment, and admits to being in fact guilty as charged in that count. In addition, the defendant agrees to enter a voluntary plea of guilty to Count One of the Bill of Information in the matter of *United States v. Howell W. Woltz*, Docket No. 5:07CR 3-3. A factual statement summarizing the defendant's conduct is attached hereto as Exhibit 1.

3. The defendant agrees that the Court may consider any such dismissed counts and all pertinent information as “relevant conduct,” *United States Sentencing Guidelines* [U.S.S.G.] § 1B1.3. The Court may also consider any dismissed count as a “conviction” for purposes of 28 U.S.C. §§ 1918 (costs of prosecutions, including fines and forfeitures) and 1920 (court costs, including fees for interpreters), as well as for purposes of forfeiture and restitution.

Count One (tax conspiracy): a \$250,000 fine, no more than five (5) years imprisonment, or both, and no more than three (3) years supervised release.

Count One (money laundering conspiracy): a \$500,000 fine, no more than twenty (20) years imprisonment, or both, and no more than five (5) years supervised release.

5. The defendant understands that supervised release is a term of supervision that runs consecutively to any sentence of incarceration and that if the Court imposes a term of supervised release, the United States Probation Office will supervise him during that term and will require that he make regular reports and visits to its office. The defendant understands that a violation of the conditions of supervised release may subject him to an additional period of incarceration up to the maximum term of years imposed as supervised release.

6. The defendant is aware that the Court will consider the *United States Sentencing Guidelines* in determining the appropriate sentence, and that the sentence will be without parole. The defendant is further aware that the Court has not yet determined the sentence, that any estimate from any source, including defense counsel, of the likely sentence is a prediction rather than a promise, and that the Court has the final discretion to impose any sentence up to the statutory maximum for each count. The defendant further understands that no recommendations or agreements by the United States are binding upon the Court.

7. With regard to the Sentencing Guidelines, the defendant and the United States, pursuant to Fed. R. Crim. P. 11(c)(1)(B), stipulate and agree to recommend to the Court as follows:

a. The amount of "tax loss" that was known to or reasonably foreseeable by the defendant was in excess of \$1 million. In addition, the "value of the laundered funds" attributable to this defendant was in excess of \$20 million. The defendant understands that "tax loss" and the "value of the laundered funds" may be different from, greater, or lesser than "restitution" under 18 U.S.C. § 3556.

b. The offense level for the subject offenses are as follows:

**Count One (tax conspiracy)**

**Base Offense Level [U.S.S.G. §§ 2T1.4(a)(1), 2T1.9(a)(1)]:**

Tax loss > \$1M [USSG § 2T1.9(a)]	22
In the business [USSG § 2T1.4(b)(1)(A)]	2
Sophisticated means [USSG § 2T1.4(b)(2)]	<u>+ 2</u>
<b>Adjusted Offense Level:</b>	<b>26</b>

**Count One (money laundering conspiracy)**

**Base Offense Level [U.S.S.G. §§ 2S1.1(a)(2), 2X1.1]:** 8

Amount laundered > \$20M [USSG § 2B1.1(b)(1)(L)] 22

Specific offense characteristics:

Business of laundering [USSG § 2S1.1(b)(2)(C)] 4

Sophisticated laundering [USSG § 2S1.1(b)(3)] + 2

**Adjusted Offense Level:** 36

c. Provided that the defendant clearly demonstrates acceptance of responsibility for his criminal conduct by, among other things, acknowledging to the Government, the Probation Office, and the Court the nature and extent of all relevant criminal conduct, the Government will recommend a two-level reduction in offense level pursuant to U.S.S.G. § 3E1.1(a). Provided that the defendant has further assisted authorities in the investigation or prosecution of his own misconduct by timely notifying authorities of his intention to enter a plea of guilty, the Government will move for an additional one-level reduction in offense level pursuant to U.S.S.G. § 3E1.1(b). The United States will determine in its sole discretion whether to move for the additional one-level reduction. However, the defendant understands that any reduction in offense level is ultimately for the Court's determination.

d. The defendant and the United States agree that the appropriate sentence is one at the bottom of "the applicable guideline range" (U.S.S.G. § 5C1.1) and that neither party will seek, suggest, or otherwise argue in favor of a variance or departure from that range, except as provided in paragraph 24 below.

e. No other Chapter 2, 3, 4, or 5 enhancements or reductions apply.

8. The defendant and the Government agree, in accordance with U.S.S.G. § 1B1.8, that any information the defendant provides pursuant to this agreement, that was previously unknown to the Government, shall not be used against him as an admission or to increase his sentence. However, such information may be used (a) as proof of the charges to which he shall plead guilty; (b) to determine the amount of restitution due or the amount of tax, interest and penalties due; or (c) in connection with any federal, state, or local prosecution of other persons or for investigative leads. Notwithstanding the above, the defendant understands and agrees that if he should fail to fulfill completely each and every one of his obligations under this Plea Agreement, then the Government will be free from its obligations under the plea agreement and the defendant shall be fully subject to criminal prosecution as if this Plea Agreement had never existed. In any such prosecution, the prosecuting authorities, whether federal, state, or local, shall be free to use against him, without

limitation, any and all information, in whatever form, that he or his wife, Vernice C. Woltz, have provided pursuant to their plea agreements or otherwise. The defendant shall not assert any claim under the United States Constitution, any statute, Fed.R.Crim.P. 11(f), Fed.R.Evid. 410, or any other provision of law, to attempt to bar such use of the information. The defendant may, however, claim in a court of competent jurisdiction that he has not breached the agreement as a bar to the use of information provided by him.

9. The defendant agrees to pay full restitution, regardless of the resulting loss amount, which restitution will be included in the Court's Order of Judgment. The defendant agrees that such restitution will include all victims directly or indirectly harmed by the defendant's "relevant conduct," including conduct pertaining to any dismissed counts or uncharged conduct, as defined by U.S.S.G. § 1B1.3, regardless of whether such conduct constitutes an "offense" under 18 U.S.C. §§ 3663 or 3663A. The defendant consents to a civil judgment in state or federal court concerning a claim filed by a "victim" as defined in 18 U.S.C. §§ 3663(a)(2) and 3663A(a)(2). The defendant understands that with a Judgment and Commitment Order that requires the payment of restitution, a lien will be filed on his property. Defendant also understands that his obligation to make restitution shall last for twenty years after the entry of the judgment, release from imprisonment, or until his death. 18 U.S.C. § 3613.

For the preparation of his Presentence Report, the defendant agrees to cooperate fully with and make a full disclosure of all current and projected assets and property to the United States Probation Office. If the defendant is ordered to serve a term of supervised release or probation, he agrees to make a full disclosure of his assets and property to the United States Probation Office prior to the termination of his supervised release or probation. If the defendant should fail to make the aforementioned full disclosures, then the United States will be relieved of its obligations under the Plea Agreement, but the defendant will not be allowed to withdraw his guilty plea.

10. If more than \$500.00 in restitution and/or assessment is owed to the United States government, a lien will be filed. The defendant understands that if a lien is filed against his property, his obligation to pay restitution shall last for twenty years after any imprisonment ordered or until his death. 18 U.S.C. § 3613.

11. The defendant hereby agrees to pay the total amount required for assessment (\$200) to the Clerk, United States District Court, before 5:00 p.m. on the date of sentencing. The defendant further agrees to participate in the Inmate Financial Responsibility Program to the extent necessary to fulfill all financial obligations due and owing under this agreement and the law.

### **III. Procedure**

12. The defendant agrees that a duly-qualified federal Magistrate Judge may conduct the hearing required by Fed. R. Crim. P. 11.

13. With the Court's permission, the factual basis, as required by Fed.R.Crim.P. 11(b)(3),

will be deferred until the time of sentencing. The defendant stipulates that there is a factual basis for the plea of guilty and that the Court may use the offense conduct set out in the Presentence Report, except any facts to which the defendant has objected, to establish a factual basis for the defendant's plea.

#### IV. Waivers

14. The defendant understands and agrees that if he should fail to specifically perform or to fulfill completely each and every one of his obligations under this Plea Agreement, then the United States will be relieved of its obligations under the agreement, but the defendant will not be allowed to withdraw his guilty plea.

15. The defendant also understands that this Plea Agreement is expressly conditioned on the execution of the Plea Agreement, and the entry and acceptance of a guilty plea pursuant to that agreement, by co-defendant Vernice C. Woltz (hereafter, "V. Woltz") in this matter. In addition, as a condition of this Plea Agreement, the Government has agreed to recommend immediately the release of V. Woltz, upon acceptance of her guilty plea, from pre-trial detention, subject to appropriate conditions of release. This recommendation is made at the request of defendant H. Woltz. Accordingly, if V. Woltz subsequently violates the terms of her plea agreement, including any effort to withdraw her guilty plea, then defendant H. Woltz agrees that the United States will be relieved of its obligations under this Plea Agreement, but defendant H. Woltz will not be allowed to withdraw his guilty plea. Furthermore, defendant H. Woltz agrees that he will not seek release from pre-trial detention without the express, written consent of the Government.

16. The defendant is aware that the law provides certain limited rights to withdraw a plea of guilty. The defendant has discussed these rights with defense counsel and knowingly and expressly waives any right to withdraw the plea once the Magistrate Judge has accepted it.

17. The defendant acknowledges that Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410 are rules which ordinarily limit the admissibility of statements made by a defendant in the course of plea discussions or plea proceedings if a guilty plea is later withdrawn. The defendant knowingly and voluntarily waives the rights which arise under these Rules. As a result of this waiver, he understands and agrees that any statements which are made in the course of his guilty plea or in connection with his cooperation pursuant to this plea agreement will be admissible against him for any purpose in any criminal or civil proceeding if his guilty plea is subsequently withdrawn.

18. The defendant understands and agrees that by pleading guilty, he is expressly waiving the following rights as they relate to the charges resolved by this Plea Agreement:

- a. to be tried by a jury;
- b. to be assisted by an attorney at trial;
- c. to confront and cross-examine witnesses; and,

d. not to be compelled to incriminate himself.

19. Defendant and defendant's counsel warrant that they have discussed: (1) defendant's rights pursuant to 18 U.S.C. § 3742, 28 U.S.C. § 2255, and similar authorities to contest a conviction and/or sentence through an appeal or post-conviction after entering into a plea agreement; (2) whether or not there are potential issues which might be relevant to an appeal or post-conviction action; and (3) the possible impact of any such issue on the desirability to the defendant of entering into this plea agreement.

Defendant, in exchange for the concessions made by the United States in this plea agreement, waives all such rights to contest the conviction and/or the sentence except for: (1) claims of ineffective assistance of counsel; or (2) prosecutorial misconduct. Also, in exchange for the concessions made by the United States, defendant agrees that the United States preserves all its rights and duties with respect to appeal as set forth in 18 U.S.C. § 3742(b), while the defendant waives all rights to appeal or collaterally attack the sentence of conviction with three the exceptions set for above. This agreement does not limit the United States in its comments in or responses to any appellate or post-conviction matters.

20. The defendant waives all rights, whether asserted directly or by a representative, to request or to receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, 5 U.S.C. § 552, or the Privacy Act of 1974, 5 U.S.C. § 552a.

21. Should this Plea Agreement be violated by the defendant or the defendant's conviction following his guilty plea pursuant to this agreement be vacated for any reason, then any prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this agreement (including any counts that the Government has agreed to dismiss at sentencing pursuant to this agreement) may be commenced or reinstated against the defendant, notwithstanding the expiration of the statute of limitation between the signing of this agreement and the commencement or reinstatement of such prosecution. It is the intent of this agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this agreement is signed.

22. The defendant agrees to waive any rights under the Speedy Trial Act and understands and agrees that sentencing may be delayed until the cooperation phase has been completed and title to all assets have fully vested in the United States. This waiver is necessary so that the Court will have the benefit of all relevant information at sentencing.

## **V. Assistance to Government**

23. If requested by the United States (including, but not limited to, the Commodity Futures Trading Commission and the Securities & Exchange Commission), but only if so requested, the defendant agrees to cooperate with the United States, including but not limited to the following:

a. The defendant will provide truthful information about the subject charges and about any other criminal activity within the defendant's knowledge to any government agent or agency that the United States designates.

b. The defendant will testify truthfully in any trial, hearing, or grand jury proceeding, including, but not limited to, testimony against any co-defendants, as the United States designates.

c. The defendant, to the extent known to or determinable by him, will truthfully disclose all monies, negotiable instruments, securities, or other things of value that are proceeds of or have been involved in, or have been used or intended to be used to facilitate a violation of state or federal law. The defendant further agrees to voluntarily forfeit said property to the United States.

d. In the event that the defendant's cooperation includes testifying, the defendant hereby waives payment of any witness fees or expenses to which he may be otherwise entitled pursuant to 28 U.S.C. § 1821.

e. Except as provided in paragraph 8 above, the Government will not require the defendant or his wife, Vernice C. Woltz, to provide information or testify against each another.

f. The defendant understands that the United States desires only truthful and accurate information and testimony and, in fact, that knowingly giving false information or testimony can be prosecuted as an additional criminal offense. Further, if the defendant knowingly gives false testimony, the United States will be relieved of its obligations under this Plea Agreement, except that the defendant's plea of guilty and the resulting guilty verdict will stand.

g. The defendant will not commit any felony or misdemeanor under federal, state, or local law, or violate any order of any court, including any conditions of pretrial, pre-sentence, or post-sentence release.

h. Nothing that the defendant discloses pursuant to this Plea Agreement will be used against him in any other criminal proceeding, subject to the following exceptions:

1.) the United States or other jurisdiction may use any and all relevant information regarding crimes of violence;

2.) the United States may use any and all information as necessary in a prosecution for perjury, or in any trial for impeachment or rebuttal;

3.) if the defendant withdraws his plea of guilty, the United States may use any and all disclosures in any subsequent trials or criminal proceedings;

4.) if the defendant violates any of the terms of this Plea Agreement, including the obligation to provide truthful information, then the United States may use any and all disclosures in subsequent trials or criminal proceedings; and,

5.) the United States may make indirect use of any information that the defendant provides, including investigative leads or other witnesses.

i. The defendant's obligation under this section is a continuing one, and will continue after sentencing until all investigations and/or prosecutions to which the defendant's cooperation may be relevant have been completed. This provision is a material condition of this Plea Agreement and of all benefits that accrue to the defendant pursuant to this agreement.

j. In the interests of fulfilling all obligations under this section, the defendant agrees to waive all rights under Chapters 213 and 208 of Title 18 until such time as the United States determines that all relevant investigations and/or prosecutions have been completed.

k. The defendant fully understands that any breach of this agreement, including but not limited to withholding information, misleading the United States or any law enforcement officer, or failing to testify truthfully at any trial, grand jury, or other judicial proceeding, will allow the government, in its sole discretion, to withdraw from its obligations under this Plea Agreement. In such event, the United States will be free to proceed on any properly-filed pending, superseding, or additional charges, including any charges dismissed pursuant to this agreement.

24. When and if the defendant assists the government as described above:

a. For purposes of calculating the appropriate sentence under the *United States Sentencing Guidelines*, the United States, in its sole discretion, will determine whether said assistance has been substantial. The Government has determined that the assistance provided by the defendant and his wife to date has been substantial. Accordingly, if both the defendant and his wife, V. Woltz, continue to provide full cooperation as provided for in this Plea Agreement, the Government agrees to recommend (a) a reduction in the defendant's



offense level of no less than four (4) levels, resulting in a recommended offense level of 29, which carries an imprisonment range of 87-108 months, and (b) that no fine be imposed on the defendant.

b. Upon a determination that the defendant has rendered additional substantial assistance beyond that provided to date, the Government may move for a further reduction in the defendant's offense level pursuant to U.S.S.G. § 5K1.1. The defendant recognizes that the Court cannot depart below the Sentencing Guidelines for substantial assistance [U.S.S.G. § 5K1.1] absent a motion from the United States.

c. Regardless of the nature and extent of any substantial assistance that the defendant renders, the United States will not move for a downward departure if the defendant also knowingly furnishes information that is materially false.

d. Any determination that the defendant has failed to provide substantial assistance, has failed to provide full cooperation, or has knowingly provided false information is within the sole discretion of the United States, and the defendant waives all objections and rights of appeal or collateral attack of such a determination.

e. The defendant understands that if the United States makes a motion for downward departure, the motion is not binding on the District Court. The Court will determine in its discretion whether to grant or deny such departure and the extent of the departure.

## **VI. Forfeiture**

25. The defendant agrees to truthfully complete, to the extent known to or determinable by him, a financial statement form provided by the United States Attorney. The defendant shall date said form and sign it under penalty of perjury, thereby acknowledging that his financial statement fully and completely discloses his financial condition as of the date it is signed. Defendant shall update the financial statement with any material changes to his financial condition up to the date of sentencing. In this regard, the Government recognizes that the defendant has been incarcerated since April 2006, and thus has not had ready access to his financial records since that date. Defendant shall provide his signed and dated financial statement within 30 days of his signature on this Plea Agreement and any updates within seven days of the event changing his financial condition. Defendant understands and agrees that his financial statement will be used for the collection of any fine or restitution ordered by the Court, and the identification of property subject to forfeiture. The parties agree that the defendant's failure to timely and accurately complete and sign a financial statement and any update may, in addition to any other penalty or remedy authorized by law, constitute his failure to accept responsibility under U.S.S.G. § 3E1.1.

26. Attached hereto as Exhibit 2 is a list of the defendant's assets subject to forfeiture. The defendant agrees to the forfeiture any interest she or any members of her family may have in the

items in Exhibit 2. Other than the assets set forth in Exhibit 2, none of defendant's assets shall be subject to forfeiture; provided, however, that the defendant shall be subject to additional forfeiture of assets as set forth in paragraph 29 below if the defendant fails to comply with his obligations under paragraphs 27 and 29 to full disclose his assets. The defendant agrees to take whatever steps are necessary to pass clear title to the Government and to repatriate funds or property, to the extent not prohibited by law, held outside the United States, regardless of whether such funds or property are held in the name of the defendant or entities that he controls and regardless of whether such funds or property are held for the benefit of the defendant or others. These steps include, but are not limited to, surrender of title, the signing of a consent decree, a stipulation of facts regarding the transfer and basis for the forfeitures, and signing any other documents necessary to effectuate such transfers. If and when requested to do so by the government, defendant agrees to ask any nominee holder of the property to execute a form waiving all rights to the property and consenting to forfeiture and/or use of the property for restitution. In addition, the defendant agrees to the entry of a preliminary order of forfeiture as to all of defendant's interest in this property.

27. The United States and the defendant enter into this agreement on the basis of the defendant's express representation that he is making a full and complete disclosure of all assets he owns, controls, or in which he has a possessory or beneficial interest. If the United States later discovers that the defendant materially misrepresented all such assets, the United States, in its sole discretion, may withdraw from its obligations under this Plea Agreement. However, the defendant's guilty plea will stand. Alternatively, the United States may seek the forfeiture of any subsequently-discovered assets, in which case the defendant agrees that any such undisclosed assets are subject to forfeiture under this Plea Agreement just as if they had been properly disclosed and listed herein.

28. This agreement does not bind the Internal Revenue Service or affect its authority to collect taxes. The defendant agrees to take all necessary steps to file promptly any and all federal and state individual and corporate income tax returns not filed for previous tax years and to pay any and all taxes, penalties, and interest due as a result of the filing of such.

29. The defendant agrees to a pre-plea investigation by the United States government for the purpose of assessing the value of each and every asset. The defendant agrees to undergo full debriefings in order to accomplish this end.

## **VII. Conclusion**

30. The defendant understands that if he breaches this Plea Agreement, or commits any felony or misdemeanor under federal, state or local law, or violates any order of any court, including any condition of pre-trial or pre-sentence, or post-sentence release, the United States will be relieved of its obligations under this Plea Agreement, but the defendant will not be allowed to withdraw his guilty plea. The United States will be free to proceed on any properly-filed dismissed, pending, superseding, or additional charges.

31. There are no agreements, representations, or understandings between the parties in this case, other than those explicitly set forth in this Plea Agreement and none will be entered into unless executed in writing and signed by all parties.

SO AGREED:

GRETCHEN C.F. SHAPPERT, UNITED STATES ATTORNEY

Matthew T. Martens  
Matthew T. Martens, Assistant United States Attorney

DATED: 1/26/07

Howell W. Woltz  
Howell W. Woltz, Defendant

DATED: Jan. 26<sup>th</sup>, 2007

#### Acknowledgment of Attorney

I have read each of the pages constituting this plea agreement, reviewed them with my client, and discussed the provisions of this agreement with my client fully. These pages accurately and completely set forth the entire Plea Agreement.

Matthew J. Hoefling  
Matthew J. Hoefling, Attorney for Defendant

DATED: 1/26/07

William C. Mayberry  
William C. Mayberry, Attorney for Defendant

DATED: 1/26/07

## **EXHIBIT 1**

### **FACTUAL BASIS FOR THE PLEA OF HOWELL W. WOLTZ**

IT IS HEREBY STIPULATED, by Howell Way Woltz, defendant herein, that, except as otherwise expressly provided, the following are facts known to the Government independent of his cooperation with the United States, that they are true and correct, and that he understands and agrees, with the express consent of his counsel, that this stipulation may be used by the Court to determine the providency of his plea and by the probation officer and Court in determining an appropriate sentence for the offenses to which he is pleading guilty:

#### **Relevant People and Entities**

1. Sterling Trust Ltd. (hereafter, "Sterling Trust") was an Anguillan corporation that maintained offices in Anguilla, British West Indies.
2. Sterling ACS Ltd. (hereafter, "Sterling ACS") was a Bahamian corporation in the business of incorporating off-shore entities and providing related financial services.
3. Sterling Bank Ltd. (hereafter, "Sterling Bank") was a St. Lucian corporation operating as a bank.
4. I, Howell W. Woltz, was the president, a director, and a shareholder of Sterling Trust. In addition, I was the president and a director of Sterling ACS and, at one point, a shareholder and director of Sterling Bank.
5. Vernice Chaitan Woltz (hereafter, "V. Woltz") is my wife and was a certified public accountant, a director of Sterling Trust, a director and chief financial officer of Sterling ACS, and was nominated as a director of Sterling Bank. V. Woltz's mother is Rempiari Mavis Ramjattan Chaitan.

6. Mr. J was an e-mail spammer and a shareholder and director of Sterling Bank.
7. Mr. K was the Canadian business partner of Mr. J.
8. Samuel T. Currin was an attorney licensed to practice law in the State of North Carolina who represented Mr. J in various capacities. In addition, Currin was a shareholder and director of Sterling Bank.
9. Ricky Edward Graves was an attorney licensed to practice law in the State of North Carolina.
10. Mr. Y was an attorney licensed to practice law in the State of North Carolina.
11. Mr. H was a consultant to Sterling Bank.
12. Mr. R was an attorney licensed to practice law in the State of Florida. Mr. R's law firm in Tampa, Florida maintained an attorney trust account at SunTrust Bank.
13. First Curacao International Bank N.V. (hereafter, "First Curacao") was a licensed bank engaged in the business of banking under the rules and regulations of the Central Bank of the Netherlands Antilles.
14. Bovee Enterprises LLC (hereafter, "Bovee") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J.
15. Jasmine Takamine, Sdn Bhd (hereafter, "Jasmine") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. K.
16. Barranquilla Holdings, SA (hereafter, "Barranquilla") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J and Mr. K. The shares of Barranquilla were intended to be owned by but in fact never issued to Amazon Trust, a Bahamian trust formed by Sterling ACS and the beneficiaries of which were Bovee and Jasmine.
17. Chiang Ze Capital, AVV (hereafter, "Chiang Ze") was an Anguillan company

incorporated by Sterling ACS and controlled by Mr. J and Mr. K. The shares of Chiang Ze were intended to be owned by but in fact never issued to Yellow River Trust, a Bahamian trust formed by Sterling ACS and the beneficiaries of which were Bovee and Jasmine.

18. Ryzcek Investments, GMBH (hereafter, "Ryzcek") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J and Mr. K. The shares of Ryzcek were intended to be owned by but in fact never issued to Danube Trust, a Bahamian trust formed by Sterling ACS and the beneficiaries of which were Bovee and Jasmine.

19. Keel Enterprises, LLC (hereafter, "Keel") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J and Mr. K. The shares of Keel were intended to be owned by but in fact never issued to Cape Fear Trust, a Bahamian trust formed by Sterling ACS and the beneficiaries of which were Bovee and Jasmine.

20. DaSilva, SA (hereafter, "DaSilva") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J and Mr. K.

21. Vanderlip Holdings, NV (hereafter, "Vanderlip") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J and Mr. K.

22. Jonti Warburg Ltd. (hereafter, "Jonti") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J and Mr. K.

23. Stromberti Esse, Gmbh (hereafter, "Stromberti") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. J and Mr. K.

24. Gibson Island Enterprises, LLC (hereafter, "Gibson Island") was an Anguillan company earlier incorporated by Sterling ACS, sold to Currin, and controlled by Mr. J.

25. Bela Enterprises, LLC (hereafter, "Bela") was an Anguillan company earlier incorporated by Sterling ACS, sold to Currin, and controlled by Mr. J.

26. Trident Enterprises, LLC (hereafter, "Trident") was an Anguillan company incorporated by Sterling ACS and controlled by Mr. DH and Mrs. AH.

27. Pacific Trust was an off-shore trust formed by Sterling ACS. Pacific Testamentary Trust was also an off-shore trust formed by Sterling ACS and was the beneficiary of Pacific Trust. Pacific Trust owned the shares of Bovee. Mr. J and his father were the beneficiaries of Pacific Testamentary Trust. Mr. J controlled this trust arrangement through Currin, who was the "trust protector."

28. St. Lawrence Trust was an off-shore trust formed by Sterling ACS. St. Lawrence Testamentary Trust was also an off-shore trust formed by Sterling ACS and was the beneficiary of St. Lawrence Trust. St. Lawrence Trust owned the shares of Jasmine. Mr. K was a beneficiary of St. Lawrence Testamentary Trust. Mr. K controlled this trust arrangement as the "trust protector."

29. Kemplar Trust was an off-shore trust formed by Sterling ACS. Harbor Family Trust was also an off-shore trust formed by Sterling ACS and was the beneficiary of Kemplar Trust. Kemplar Trust owned the shares of Trident. Mr. DH and Mrs. AH were the beneficiaries of Harbor Family Trust. Mr. DH and Mrs. AH controlled this trust arrangement through Mr. Y and Graves, who were the "trust protectors."

30. The Oxford Corporation (hereafter, "Oxford") was an Anguillan company incorporated by Sterling ACS and controlled by Currin, who possessed a debit card issued by First Curacao in the name of Oxford.

#### **Tax Fraud Scheme**

31. By in or about July 2002, I, along with others, had concocted a plan to promote off-shore "dual trust" arrangements to individuals in the United States that, among other things, could have been used to evade federal income taxation. As part of this scheme, I offered to potential

customers the opportunity to open off-shore bank and debit card accounts, the records for which I claimed could not be obtained by United States authorities, as a means of concealing financial transactions.

32. In or about the summer of 2002, Currin, who had been a friend of mine since the early 1970s, introduced me to Mr. J, who Currin said was someone who could benefit from the "dual trust" arrangement offered by Sterling Trust.

33. On or about August 1, 2002, my wife and I, at the direction of Currin and Mr. J, caused the formation of Pacific Trust and Pacific Testamentary Trust. Currin agreed to serve as the "trust protector" for this arrangement.

34. In or about October 2002, Sterling ACS hosted an international tax planning seminar in Nassau, Bahamas. Among the presenters at the seminar were Robert L. Singleton, who has since been convicted of tax fraud. Graves, Currin, and others were in attendance at that seminar.

35. In or about early 2003, Graves introduced Mr. DH and Mrs. AH to me as people who could benefit from the "dual trust" arrangement offered by Sterling Trust.

36. On or about March 31, 2003, Graves and I caused the formation of the Kemplar Trust arrangement for Mr. DH and Mrs. AH. Mr. Y and Graves agreed to serve as "trust protectors" for this arrangement.

37. On or about June 30, 2003, Currin, my wife, and I caused the creation of Oxford. Thereafter, Currin opened an ExactPay debit card account with First Cuaraco in the name of Oxford.

39. In or about the fall of 2003, Currin and Mr. J introduced me to Mr. K.

40. In or about November 2003, my wife and I caused the formation of the St. Lawrence Trust arrangement for Mr. K.

41. On or about October 19, 2004, I attended a meeting in Nassau, Bahamas with Graves,



Mr. H, and two undercover IRS agents whom I then believed to be potential clients. The two undercover IRS agents were introduced to me by Graves. Currin was present at that meeting to lend credibility, through the use of his background and credentials, to the presentation being made to the undercover IRS agents. During that meeting, Graves and I explained the "dual trust" concept to the undercover agents and assured the agents that they could effectively maintain practical control over the trusts. In addition, I discussed at length an off-shore credit card that ExactPay offered that would allow them to access off-shore funds, stating "that's a big no, no, up in the U.S. these days."

42. On or about April 15, 2005, my wife and I failed to file a federal income tax return for the 2004 tax year.

43. On or about April 18, 2005, my wife and I traveled by airplane from Charlotte, North Carolina to Nassau, Bahamas. On or about April 26, 2005, I again met with the two undercover IRS agents in Nassau, Bahamas to further discuss the proposed "dual trust" arrangement. My wife was also present for this meeting. During that meeting, my wife and I discussed the off-shore credit card that ExactPay offered.

44. At the time the off-shore "dual trust" arrangements detailed above were created, I knew that those arrangements could be used to, among other things, evade United States income taxation. I knew that the "dual trust" arrangements could be used as a sham given that the entities formed pursuant to those arrangements were, as a practical matter, controlled by the United States citizens that had arranged for their creation.

### **Money Laundering Scheme**

45. In or about November 2003, my wife and I caused the formation of various off-shore entities through Sterling ACS, including Barranquilla, Chiang Ze, Ryzcek, and Keel. My wife and I further caused bank accounts to be opened at First Curacao in the names of each of these entities.

46. On or about December 11, 2003, Mr. J was arrested on a Virginia state indictment charging him with the unlawful distribution of spam e-mail. The unlawful spam e-mail that was the subject of the indictment promoted, among other things, pornographic websites and penny stocks. I learned about this indictment no later than on or about December 15, 2003, when I met with Mr. J and Currin to discuss the same.

47. In or about June 2004, I knew that and consented to my wife causing the formation of various additional off-shore entities through Sterling ACS, including Vanderlip, DaSilva, Stomberti, and Jonti. Sterling ACS, with our consent, further caused bank accounts to be opened at First Curacao in the names of each of these entities.

49. On or about September 22, 2004, I appeared in Miami, Florida to give sworn testimony before an officer of the U.S. Securities & Exchange Commission (hereafter, "SEC") in connection with the SEC's investigation of the stock promotion activities of Mr. J, Mr. K, and others. As a result, at least from that date forward, I was on notice that funds were transmitted to off-shore bank accounts in the names of the Anguillan entities controlled by Mr. J and Mr. K, and I was on notice that those funds were likely the proceeds of criminal activity.

50. During my sworn testimony before the SEC, I made a number of false statements. For example, I provided the following underscored materially false testimony:

"Q: Have you discussed with [Mr. K] any business matters other than real estate in the Caribbean or attorneys in the Caribbean?"

"A: No." (Tr. at 35).

\* \* \*

"Q: Besides his assistance that [Mr. J] gave with Sterling Casualty have you had any other dealings with Mr. [J]?"

"A: No." (Tr. at 78).

\* \* \*

"Q: Before we went off the record, the Staff posed the question on whether any of the Sterling entities, the businesses that you are affiliated with, has provided services to Mr. [K]?"

"A: Not to my knowledge and not to my recollection." (Tr. at 81).

\* \* \*

"Q: What is your involvement with Worldwide Picks?"

"A: None." (Tr. at 94).

\* \* \*

"Q: Do you know who is or may be involved with Worldwide Picks?"

"A: No, I don't." (Tr. at 97).

\* \* \*

"Q: . . . The first one being Ryzcek. You had mentioned that you never heard of this entity."

"A: I don't recognize the name." (Tr. at 164).

\* \* \*

"Q: The next entity listed in CA-93 is an entity named Vanderlip Holdings N.V. Have you ever heard of that entity before?"

"A: It doesn't ring a bell." (Tr. at 168).

\* \* \*

"Q: What about the next entity Da Silva S.A.?"

"A: I don't know who that is.." (Tr. at 169).

\* \* \*

"Q: The next one is cut off, but it is Stromberti Esse GmbH"

"A: That doesn't sound like a company that we could do . . ." (Tr. at 169).

\* \* \*

"Q: How about Chiang Ze Capital?"

"A: I mentioned that a while ago."

"Q: Do you recognize the address?"

"A: No."

"Q: Finally, Barranquilla Holdings?"

"A: No." (Tr. at 170).

\* \* \*

"Q: So do you know of anybody named Mavis Chaitan?"

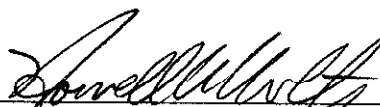
"A: Not by that name, no." (Tr. at 206).

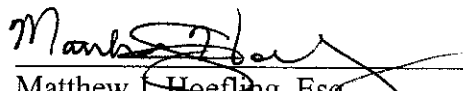
51. From on or about September 23, 2004, through in or about March 2005, approximately \$20 million was transferred to off-shore bank accounts controlled by the Anguillan entities my wife and I created for Mr. J and Mr. K through Sterling ACS. The Government has advised me and I stipulate that these funds were proceeds of Mr. J's and Mr. K's fraudulent penny stock promotion activities. While, in the absence of evidence protected under U.S.S.G. § 1B1.8, the Government could not prove what portion of these transfers were conducted with my knowledge, consent, and participation, I hereby acknowledge that I knowingly laundered or caused to be laundered more than \$7 million worth of these funds.

The preceding statement is a summary of the facts relevant to the money laundering activity in which I engaged. It does not include all of the facts known to me concerning criminal activity in

which I and others engaged or in which others engaged without my knowledge at the time of his participation. I make this statement knowingly and voluntarily.

Date: Jan. 26<sup>th</sup>, 2007

  
Howell W. Woltz, defendant

  
Matthew J. Hoefling, Esq.

  
William C. Mayberry, Esq.

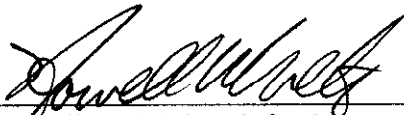
## EXHIBIT 2

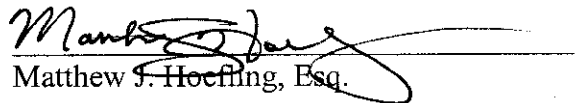
### ASSETS TO BE FORFEITED

I, Howell W. Woltz, hereby agree to forfeit the following assets to the United States Government:

1. \$90,000 held for Sterling ACS at First Caribbean International Bank
2. The sum of \$50,000 held for Sterling Trust Ltd. at Merrill Lynch International
3. All funds held in a BB&T bank account under the names of Howell & Vernice Woltz.
4. All funds held in the BB&T bank account under the name of Vernice Woltz.
5. All funds held in an RBC bank account under the name of Vernice Woltz.
6. Equity interest in Sterling Trust Ltd.
7. Equity interest in Sterling ACS Ltd.
8. Equity interest in Sterling Precious Metals Ltd.
9. Any additional property which is traceable, directly or indirectly, to proceeds of specified unlawful activity or otherwise involved in specified unlawful activity, whether or not I have pled guilty to such.

Date: Jan. 26<sup>th</sup> 2007

  
Howell W. Woltz, defendant

  
Matthew J. Hoeffling, Esq.